

# Retiree Report

January, 2004

A Quarterly Publication from the  
Fairfax County Retirement Agency

## Deferred Compensation Plan Changes for 2004

by Karen Diviney,  
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Although retirees are no longer eligible for contributions to the Fairfax County deferred compensation plan, many retirees have accounts and may already be receiving a distribution from their savings. Retirees can move their money to different funds within a plan by contacting the provider directly.

ICMA-RC	(800) 669-7400
T. Rowe Price	(888) 457-5770
VALIC	(888) 568-2542

The following information may be of interest to those retirees who have participated in deferred compensation and still have a balance in their accounts.

### Deferred Compensation Providers Respond to Trading Violation News

There have been no allegations of impropriety for any of the County's deferred compensation providers, however, some mutual funds offered in the County's plan are under investigation. County HR staff has done due diligence for the plan, meeting with each of the company representatives for a second fund review this year, and requesting an audit of the funds from William Mercer consultants (see information below).

In addition, the County's three deferred compensation providers, ICMA-RC, VALIC and T. Rowe Price are either conducting or have completed a thorough review of their policies and procedures regarding market timing and late day trading. More information can be found on each vendor's website. Direct links to these websites are on the employee benefits page of the infoweb <http://infoweb/hr/benefits/>.

*Deferred Compensation information continued on page 3*

## New Medicare Prescription Drug Benefit Info

### Medicare Prescription Drug Improvement and Modernization Act of 2003

Medicare is an essential health care program for people age 65 and older and people with disabilities.

Recently, President Bush and Congress worked together to pass a new law to bring people with Medicare more choices in health care coverage and better health care benefits.

This new law preserves and strengthens the current Medicare program, adds important new prescription drug and preventive benefits, and provides extra help to people with low incomes. Medicare recipients will still be able to choose doctors, hospitals and pharmacies.

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# Spotlight on The Retirement Agency



In September, **Vicki Christensen** joined the Retirement Agency staff as the Manager of Business Operations. Vicki is new to Fairfax County government and says she has finally found her “dream job” with a wonderful group of people at the Retirement Agency who really know how to work together as a team.

Vicki was born and lived in Roanoke, Virginia until she was fifteen. Her father was transferred to San Jose, Costa Rica where she graduated from high school. She enjoyed the wonderful country and people but her Spanish is now VERY rusty.

Vicki started college in Albion, Michigan and graduated from the University of Maryland. She taught elementary school in California before her marriage. She later returned to the classroom at UVA extension and met the requirements to become a CPA. Her husband, Jim, is a graduate of

the U.S. Naval Academy but served in the Air Force. Both of her children were born in Japan while her husband was stationed near Tokyo. In addition to Japan, she and her family have lived in Illinois, Minnesota, Texas, Pennsylvania, and Vienna, Virginia. Jim is a security consultant to several companies.

On the family-side of things, Vicki’s son Buddy is the Senior VP of Golfdom, a golf equipment company in Tyson’s Corner and in King of Prussia Mall near Philadelphia. Buddy’s wife, Jody, is a part-time consultant to the Kennedy Center after giving up her full time job there as Controller to devote more time to 1½ year old son, Cole.

Son-in-law, Eric, accepted a position in sports marketing at Villanova University west of Philadelphia in March so he and Vicki’s daughter, Aline, moved from Florida to Pennsylvania. Her second grandson, Ryan, was born in Pennsylvania in June 2003. Her daughter is finishing her PhD in criminology while caring for the baby.

Vicki’s favorite activity is playing with her grandsons and getting reacquainted with such wonderful things as Sesame Street, Fisher Price toys, and The Very Hungry Caterpillar. The world of babies has changed drastically since her children were young but she’s very thankful that grandparents are still essential.

*Often the staff in an office are just voices on the other end of the phone or a name you hear in passing. Each issue of Retiree Report spotlights one individual of the Retirement Agency staff in an effort to help you get to know them better.*

## Uniformed Retirement System

### Members take Note:

Members of the Uniformed Retirement System who retired prior to March 19, 2002 will have received a benefit increase in their January annuity payment.

Approved by the Board of Supervisors and effective January 1, 2004, benefits will be increased by 23% for members of Plan A; 15% for members of Plan B, 5% for members of Plans C and D; and 10% for survivors of retirees.

No adjustments were made for those already retired when the benefit formula was revised for current members of the Uniformed Retirement System in 2000 and again in 2002. Subsequently, this adjustment is being made only for those retiring prior to the most recent benefit enhancement for active Uniformed employees, March 19, 2002.



### Senior Citizens Lead Internet Growth

Recent findings from Nielsen//NetRatings show that senior citizens age 65 and older were the fastest growing age group for Internet use. The number of seniors surfing the internet from home and work surged 25 percent to 9.6 million as of October 2003. Additionally, within the senior citizen age group, Nielsen//NetRatings found that the number of female seniors on-line jumped 30 percent, while male seniors jumped 20 percent.



## Deferred Compensation

continued from page 1

### Protecting Participant Assets

The County recently had a deferred compensation plan audit by William M. Mercer consultants. The purpose of the audit was to: (1) examine the current investment features of the plans, (2) review the plan structure in comparison to trends and practices in the marketplace and (3) determine if each fund was still appropriate or if a search for a replacement fund was warranted. As a result of both the audit and the plan reviews, participants in all of the plans will see some fund changes in February 2004.

If you have money invested with one or more of the County deferred compensation vendors, you should have received a letter from each vendor explaining the fund changes. Participants always have the option to move their assets to a different fund if they choose.

Below is a list of the funds that have been de-selected and the new funds that were chosen to replace them. Wherever possible, the newly selected fund is of the same investment style (i.e. growth, value, core) and management type (active, passive) as the fund that is being terminated. In some cases, the closing of a fund is for purposes of consolidation to eliminate redundancy. *Most of the newly selected funds have had higher annual returns than the deselected funds and also most have lower expense ratios. Fund Performance and expenses can be viewed on the infoweb at <http://infoweb/hr/benefits/DCOMP.htm#returns>*

#### VALIC

<u>De-selected Fund</u>	<u>Replacement</u>
SunAmerica Core Bond	PIMCO Total Return
SunAmerica Lifestyle (3)	Franklin Templeton Target (3)
Oppenheimer Quest Opp.	American Century Large Co Value
MFS Mass. Inv. Trust	Vanguard Index 500
Putnam Investors	Vanguard Index 500
Putnam Voyager	American Funds Growth Fund R
MFS Mass. Inv. Growth	American Funds Growth Fund R
Putnam Inter. Equity	American Funds Euro Pac R

*Note: VALIC will be adding a small cap option, Dreyfus Premier Future Leaders and an additional large cap value fund, NY Davis Venture A. Employees can request a prospectus directly from VALIC or by calling the deferred comp help desk at 324-4995.*

#### ICMA-RC

<u>De-selected Fund</u>	<u>Replacement</u>
VP Money Market	VP PLUS Fund
Fidelity Growth and Income	VP Growth and Income
Invesco Dynamics	VP Aggressive Opportunities
Scudder International	VP International
Vanguard Windsor II	VP Equity Income
VP US Govt. Treas.	VP Core Bond Index

*Note: ICMA-RC will be adding a socially responsible fund, Calvert Social Responsibility. For information on this fund contact ICMA directly or call the deferred comp help desk at 324-4995.*

#### T. Rowe Price

<u>De-selected Fund</u>	<u>Replacement</u>
Prime Reserve Fund	Assets will be moved to the TRP Stable Value Fund

### ICMA and T.Rowe Price to Drop Administrative Fees

During their semi-annual plan reviews, both ICMA and T Rowe Price announced that they would be dropping their administrative fees for County participants in their deferred compensation plans. ICMA currently charges \$4.50 per quarter for accounts over two years old, and T. Rowe Price charges \$1.25 per quarter. As assets in the plans continue to grow, the fees charged to participants reduce periodically. ICMA has been a provider for the County's 457 deferred compensation plan since 1984 and T Rowe Price joined the plan in 1990. VALIC, the newest deferred compensation vendor, was just added in 1999 and currently charges an administrative fee of 26 basis points annually. There is no administrative fee for the VALIC Unallocated Fixed Account.

If you have questions about the County's deferred compensation plans call the Deferred Comp Help Desk at 324-4995, Mary Hoffman at 324-4915 or Paul Brown at 324-4916.

## Medicare Prescription Drug Benefit Information *continued from page 1*

If you are happy with the Medicare coverage you have, you will be able to keep it exactly the same.

The internet links below provide you with access to the most current information regarding the Medicare Prescription Drug Improvement and Modernization Act of 2003 that you will need to help you make the best decisions regarding your Medicare coverage. <http://medicare.gov/Publications/Pubs/pdf/11054.pdf> and <http://medicare.gov/madde/home.asp>. If you have difficulty with either of these links, visit [www.medicare.gov](http://www.medicare.gov) and proceed from their home page. Currently, information on this topic is one of Medicare's featured items and is listed right at the top under features>>. Click on the link for "Information about the Medicare Prescription Drug Improvement and Modernization Act of 2003".

For those of you who may not have easy access to the internet, the following information will give you a little bit of information and you can call Medicare at 1-800-MEDICARE (633-4227) if you have questions.

**Medicare-Approved Drug Discount Cards** will be available in 2004 to help save on prescription drugs. Medicare will contract with private companies to offer new drug discount cards until a Medicare prescription drug benefit starts in 2006. A discount card with Medicare's seal of approval can help you save 10-25% on prescription drugs.

**You can enroll beginning as early as May 2004** and continuing through December 31, 2005. Enrolling is your choice. Medicare will send you information soon with details about how to enroll.

**Prescription Drug Benefits will be added to Medicare in 2006.** All people with Medicare will be able to enroll in plans that cover prescription drugs. Plans might vary, but in general, this is how they will work:

- ◆ You will choose a Rx plan and pay a premium of about \$35 a month.

- ◆ You will pay the first \$25 (called a deductible).

- ◆ Medicare then will pay 75% of costs between \$250 and \$2,250 in drug spending. You will pay only 25% of these costs.

- ◆ You will pay 100% of the drug costs above \$2,500 until you reach \$3,600 in out-of-pocket spending.

- ◆ Medicare will pay about 95% of the costs after you have spent \$3,600.

Some prescription drug plans may have additional options to help you pay the out-of-pocket costs.

Extra help will be available for people with low incomes and limited assets.

All of the information in this article is from the Medicare internet site. We hope you find it helpful.

### *Trustee Tracking*

**Welcome** to our newest Retirement Board members. **Rodney G. Leffler**, Attorney at Law, was appointed by the Board of Supervisors to a trustee position on the Police Officer's Retirement System Board, effective October 27, 2003. Captain **John R. Niemiec** fills a Member Trustee position on the Uniformed Retirement System Board, effective January 5, 2004.

# NEW NEW Retirement Agency POLICY POLICY



## Payroll Deadline for Changes to Health, Dental, and Life Insurance

Qualifying coverage changes to health, dental, and life insurance will become effective the month after they are received. Example: if change form is received the last day of the month, they become effective the first day of the following month.

**Forms must be received by the 10<sup>th</sup> of the month** in order for the changes in premium to be made in PAYROLL for that month. (Reminder: premiums are deducted AHEAD for the next month. e.g. premiums deducted in January pay for February coverage). A change that arrives after the 10th of any month will not be reflected in premium amounts until the following month's check. Deduction changes will be made in the next month's payroll and will include the proper adjustments. (Example: If a change form is received by the 10<sup>th</sup> of month 1, the payroll of month

1 will have the deduction corrected to reflect the change in premium and the actual change in coverage will be effective month 2.)

If the change form is received after the 10<sup>th</sup> of month 1, the payroll of month 1 will NOT have the deduction corrected to reflect the change, the payroll change with adjustments for the change will be made in month 2 and the actual change in coverage will be effective month 2.

**Reminder:** Those paying premiums by personal check also have a deadline of the 10<sup>th</sup> of each month for the payment to be received in our office to cover the following month's premium.

This 10th of the month rule applies to Schools retirees as well as to general County employees.

## Lower Group Term Life Insurance Rates\*

**for County Employees**  
*effective January 1, 2004*

You might have noticed, in your December check, that there was a small (positive) difference in the amount deducted for your life insurance. This year, 2004, life insurance rates for retirees went down a bit; a nice surprise in this day of higher premiums for most all other benefits.

Age	Rate**	
30-49	\$0.17	*No 2004 change for grandfathered retiree group
50-59	\$0.30	
60-79	\$0.49	**Monthly premium rate per \$1,000 of coverage
80-84	\$4.24	

## Medicare Update!

### Medicare Part B Premium Increase *effective January 2004*

The premium for Medicare Part B has increased to \$66.60 per month, effective January 2004. For most of you, this premium is automatically deducted from your monthly Social Security check. This is a pretty big jump after the last couple of years's, so you will probably notice a change in your Social Security check. However, there is good news too! Social Security granted a 2.1% COLA, which will help offset the Medicare premium increase.

The Medicare Part A deductible amount for 2004 is \$876 for each benefit period. Part A Medicare pays for inpatient hospital, skilled nursing facility and some home health care.

Starting in 2005 Medicare will cover screening blood tests for early detection of cardiovascular (heart) disease and diabetes screening tests for people at risk of getting diabetes.

# Retirement Associations

***Keep your Retirement Association informed of address and phone number changes!***

The Retirement Associations frequently request updated contact information for Fairfax County retirees. Due to privacy considerations, we are **unable** to provide them with that sort of requested information for their mailings. If you are already a member, or interested in becoming a member, please keep them informed of address and phone number updates. For information on membership or to change your address, contact:

**Fairfax County Fire & Rescue  
Retirement Association**

Tom Simcoe, 703-455-2001

*mouse260@msn.com*

Annual Dues is \$24.00



**Fairfax County Retired  
Police Association**

James Covell, 703-426-2781

*COVEL648@erols.com*

Annual Dues: \$15.00



**Fairfax County  
Retired Employees Association**

Dorris Medlin 703-256-6379

Annual Dues is \$5.00

Lifetime Membership is \$50.00

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